

**ASSEMBLY BILL**

**No. 1759**

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**Introduced by Assembly Member Blumenfield**

February 8, 2010

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An act to amend Section 1374.20 of the Health and Safety Code, and to amend Section 10199.48 of the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1759, as introduced, Blumenfield. Health care coverage: premium rates.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care, and makes a willful violation of its provisions a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law prohibits, except as specified, a health care service plan or a health insurer from changing its premium rates or applicable copayments or coinsurances or deductibles for group health care service plan contracts or group health insurance policies after the group contractholder or group policyholder has delivered written acceptance of the contract or policy, after the start of the open enrollment period, or after receipt of the premium payment for the first month of coverage.

This bill would prohibit a health care service plan or health insurer from using a change in demographics or enrollment as the basis for a premium rate change during the length of the contract.

Because this bill would prohibit certain actions by health care service plans, the willful violation of which would be a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1374.20 of the Health and Safety Code  
2 is amended to read:

3 1374.20. (a) No group health care service plan shall change  
4 the premium rates or applicable copayments or coinsurances or  
5 deductibles for the length of the contract, except as specified in  
6 subdivision (b), during any of the following time periods:

7 (1) After the group contractholder has delivered written notice  
8 of acceptance of the contract.

9 (2) After the start of the employer's annual open enrollment  
10 period.

11 (3) After the receipt of payment of the premium for the first  
12 month of coverage in accordance with the contract effective date.

13 (b) Changes to the premium rates or applicable copayments or  
14 coinsurances or deductibles of a contract shall, subject to the plan  
15 meeting the requirements of this article, be allowed in any of the  
16 following circumstances:

17 (1) When authorized or required in the group contract.

18 (2) When the contract was agreed to under a preliminary  
19 agreement that states that it is subject to execution of a definitive  
20 agreement.

21 (3) When the plan and contractholder mutually agree in writing.

22 (c) *A health care service plan shall not use a change in*  
23 *demographics or enrollment as the basis for a premium rate change*  
24 *during the length of the contract.*

25 SEC. 2. Section 10199.48 of the Insurance Code is amended  
26 to read:

27 10199.48. (a) No health insurer shall, with regard to a group  
28 contract, change the premium rates or applicable copayments or  
29 coinsurances or deductibles for the length of the contract, except

1 as specified in subdivision (b), during any of the following time  
2 periods:

3 (1) After the group policyholder or group contractholder has  
4 delivered written notice of acceptance of the contract or policy.

5 (2) After the start of the employer's annual open enrollment  
6 period.

7 (3) After the receipt of payment of the premium for the first  
8 month of coverage in accordance with the contract or policy  
9 effective date.

10 (b) Changes to the premium rates or applicable copayments or  
11 coinsurances or deductibles of a contract or policy shall, subject  
12 to the insurer meeting the requirements of this chapter, be allowed  
13 in any of the following circumstances:

14 (1) When authorized or required in the group contract or policy.

15 (2) When the contract or policy was agreed to under a  
16 preliminary agreement that states that it is subject to execution of  
17 a definitive agreement.

18 (3) When the insurer and the policyholder or contractholder  
19 mutually agree in writing.

20 (c) *A health insurer shall not use a change in demographics or*  
21 *enrollment as the basis for a premium rate change during the*  
22 *length of the contract.*

23 SEC. 3. No reimbursement is required by this act pursuant to  
24 Section 6 of Article XIII B of the California Constitution because  
25 the only costs that may be incurred by a local agency or school  
26 district will be incurred because this act creates a new crime or  
27 infraction, eliminates a crime or infraction, or changes the penalty  
28 for a crime or infraction, within the meaning of Section 17556 of  
29 the Government Code, or changes the definition of a crime within  
30 the meaning of Section 6 of Article XIII B of the California  
31 Constitution.